Cal Poly Views

Agriculture in the Year 2000 with Dr. Reza Hoshmand

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Agriculture in the Year 2000 Summary

Cal Poly Views was a weekly interview series broadcast on radio station KWOW-AM. Episodes were 15 minutes long and were hosted by Cal Poly Pomona Director of News and Publications Ed Pierce in conversation with Cal Poly Pomona faculty or administrators on general interest topics.

Dr. Reza Hoshmand was a professor of Agriculture Business Management at Cal Poly Pomona throughout the 1980's and 1990's. Hoshmand also served as the acting Associate Dean of the School of Agriculture at Cal Poly Pomona until 1990. Hoshmand is a recognized agricultural economist who has served on important projects for both the USAID and the United Nations World, Food, Agriculture department. On top of his achievements as prominent agricultural economist, Hoshmand has dedicated his life to education and is currently working as the Director of General Education at Hong Kong Baptist University.

Subject Headings

Agriculture—California
Agriculture—Economic aspects

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Cal Poly Views Agriculture in the Year 2000 with Dr. Reza Hoshmand

March 23, 1986

Interview Conducted by Ed Pierce
Transcribed by Jose Quirarte

EP: KWOW presents, "Cal Poly Views."

(music)

Hello everyone, welcome to KWOW's presentation of "Cal Poly Views." Fifteen minutes each week devoted to interviews concerning subjects of current general interest, and featuring faculty or administrators from Cal Poly Pomona. This is your host Ed Pierce talking today with Dr. Reza Hoshmand, acting Associate Dean of the School of Agriculture at Cal Poly and professor of "AG" business management, and together we will discuss agriculture in the year 2000. Today's guest, Dr. Hoshmand, has been professor here since 1980. He was one of twelve people chosen last year within the 19 campuses of the California State University to serve as an administrative fellow. He is a frequent consultant with the World, Food, and Agriculture part of the United Nations, of USAID—the Agency for International Development on short-term projects, and with financial institutions in the Los Angeles area to benefit agriculture.
Welcome, Dr. Hoshmand.

RH: Thank you very much.

EP: Let me begin by saying: what is the future of agriculture in the year 2000—and we may not get a listeners attention, but if I said to you what is the future fifteen years from now? That might get a lot more attention. That's the only distance that remains between us and that year in the 21st century.

RH: That is very true—

EP: But, what is in a one-sentence answer?

RH: In my personal judgment, I think the future of agriculture is quite bright because agriculture has served as the primary source of income for a lot of countries across the world. In this case, I think it serves to be the vehicle of growth as we sell more of our commodities abroad—sell it domestically—we are very much dependent on agriculture for our daily lives, so I think the future is very, very bright for it.

EP: Has media overemphasized the doom and gloom? A few months ago we heard about the people in Iowa who were in serious state wide financial difficulty. The state economy was suffering because of agriculture.

RH: Unfortunately, part of that is true. I think we have to understand and recognize that agriculture is a dynamic field, and things are constantly happening—things are changing. What really happened in Iowa, as well as other Midwestern states—and perhaps in the state of California too—is that agriculture uses substantial amount of finance and capital from sources outside its own. So, they are dependent very much on monetary conditions in the entire economy. Whenever the interest rates go up it has a negative implication on agriculture, and in this case—in the 1970s the agriculture sector expanded very, very rapidly. Part of that had to do with the policies that we wanted to sell our grain abroad. As you may recall, President Nixon when he decided to go ahead and sell grain to the Soviet Union, created a market for agriculture sector where they were going to go ahead and expand sales abroad. So, everybody decided to purchase a lot of equipment—a lot of land, and all of a sudden the bottom fell off of the international markets and the interest rates went up. So, the price of grain that we sold abroad went up very rapidly and people were not interested in purchasing those commodities from us anymore; and so the farmers got into trouble because they had borrowed substantial amount of capital, and they were unable to go ahead and pay back—with the high interest rates that were there and the price of agricultural commodities in the international markets fell—

EP: Disregarding the price of land, am I right that the cost of being a farmer today is significantly more—I guess I can parenthetically say, why not because it is in all other parts of our culture and economy—than it was two our three generations before?

RH: That certainly is true.

EP: The man has to spend more in equipment—

RH: That is true.

EP: —probably in seed embellishments or pay more for stock—pay more for labor. So, all of these things have had an effect I presume?

RH: Significant effect and the technology that has been developed for the agriculture sector—we take a look at the positive side of it, and that is to see that a farmer is able to produce for seventy or sixty-five people today. There is a cost attached to that and that is the cost of equipment—cost of technology that has come with it. Obviously, if the prices for agricultural commodities do not keep pace with the cost of input, than you begin to see that it becomes a losing proposition rather than a winning proposition. That's where you see, in some instances in the agriculture sector, that the prices of commodities have been lower, but the farmers have expanded sizes of operation in order to be able to make up for those losses.

EP: How many farms will not survive, last year, or this year?

RH: Projections are that about 50,000 are going to go out this year.

EP: Now that sounds like an alarming statistic—

RH: Yes it is.

EP: However, if I were to ask you how many small businesses were going out of business in California this year? I would suppose that the answer would be several thousand too, so it shouldn't be just that, all the poor dumb farmer didn't know what he's doing so he lost his farm. Are others obtaining those farms? Other men—other farmers in the community who perhaps have a little more capital, a little more savings, or something?

RH: I believe that's what is happening, and we are beginning to see that some of those farms are becoming larger. There is no question in my mind that in the next 15 years, as we were talking about earlier, that there will be fewer farmers producing agricultural commodities and there will be more larger farms doing that job. By no means this implies that large farms are gobbling up the small farms. Its not that—its simply neighbors, as you mentioned, maybe able to purchase the farm that the gentlemen who couldn't make it. So, its not an interest from outside the community that is coming and purchasing that land from them, most often it is people who are from that same community.

EP: If I ask you why have they gone out of business, is most of it because they had to extend themselves financially—as you described—well meaning and well run organizations, but then something has happened within a world market for that product, or that grain, or whatever—

RH: That's exactly—

EP: —and they are left holding the bag, no pun intended.

RH: Unfortunately, that's what has happened and part of the problem that we have seen in the past has been our inability to cope with international markets. The best way we can handle that is to either subsidize agricultural commodities hoping to make the international prices go down slightly, and that has simply further aggravated the problem of American farmers. So, the best thing to do is to—I think we are going to get out of this chaos that right now some of the farms are feeling in the Midwest, we are going to be fine. Fortunately for us the international markets are even opening up, the interest rates are going down, financial institutions are looking for people who could borrow money, but I think what you have to understand and recognize is that if we do not handle the budget deficit that we have in this country than the problems are going to be prolonged. While the interest rate, I would guess will come back down in the next few months—unless we manage our deficit and be able to get ahold of that one, than maybe we are going to have another surge of this problem that we have seen this year and the past few years.

EP: Is the size of a farm necessarily an important factor?

RH: Not necessarily, it depends on what you are producing. I think this is a very important question to keep in mind and people think that you must get large in order to do it. I would propose that six acres of kiwi farms could do just as well as 500 acres of some other crop for instance. It depends on what the market price is, it depends on what is demanded—

EP: 500 acres of almonds might do as well as 5000 acres of grain?

RH: Very possible, very possible.

EP: Lets talk about the apparent lack of sufficient young people entering this industry. They need training—they need more education and training for the technology of agriculture today I presume. They just can't drop into it and do as well—as quickly certainly. Do you have enough people entering agriculture as a career today?

RH: We have seen a drop in agricultural enrollments throughout the nation and part of that has to do with the fact that people look at agriculture as farming only, and the misconception that agriculture is only farming and nothing else. I think there is a—we need to educate people that agriculture is more than farming—

EP: You're field particularly.

RH: Agricultural business. We talk about marketing, advertising, insurance, finance, and international trade. All of these obviously would have to do with agriculture and farming simply has to do with production of some commodities. Now I am encouraging a lot of our students—I visit high schools and try to say to them, you have to look at agriculture as a scientific field, as a business field, more than just production. We only get about ten percent of our students, at the present time, who do go into production agriculture. The other 90 percent of them go into marketing; they go into finance, business, as well as becoming professional scientists in areas of animal science, plant soil science, fruits, nutrition, and other areas.

EP: Excuse me. Is the pay competitive?

RH: Very, very competitive. The interesting part of it is that the USDA statistics indicate that each year of the total college graduates, we are unable to fill some of those positions that are out in the agriculture industry area. 13 percent of those go unfilled with qualified people who have gone through technical school and have been able to get in an education in an agricultural area. This is an area that we to get the message to the people and tell them that there are more jobs, more opportunities, salaries are very good, and that this nation needs to have individuals coming into this area because we need to continue with this production in the future.

EP: Aren't I right that they would not necessarily need to go farm a field? We forget, I think being in the urban areas—the Los Angeles basin, the importance of California agriculture to the nation. How large and significant an agriculture producing state we are—Fresno County, I think you told me, is number one in the United States—

RH: That's true.

EP: — so they don't have to say, well I don't want to have to move to the Midwest or something like that in order to do it. How many different commodities are produced in California?

RH: Over 200 commodities are produced. You can imagine—when you multiply that by the number of sectors that are involved in the production of those commodities and the jobs that are related to producing those commodities, your looking at a very large sector in this state and its

contribution is significant. I begin to think that in the year 2000 we will have more jobs in related to agricultural services, because California is not going to go out of agriculture. Agriculture is going to stay here, and as you mentioned, when you go out fifty miles out of Los Angeles or San Francisco or any —you're in the heart of agriculture. With its capacity, employment, and income generation, agriculture is going contribute significantly to the economy of this state.

EP: There is a relationship between agriculture and the rest of the economy, and as I say that I think that I have stated a dumb thing because that probably is obvious. In our relationship with the world, with our policies in trade, that also is policies in farm and farm production, is it not?

RH: Absolutely right. Anytime we make a decision, and I think this is what our legislators would have to understand and recognize—say that one day we need to have input (??) protection from steel or other commodities that are coming into this country, they have to recognize that they are also affecting the agriculture sector negatively. Each time they put an input restriction on a commodity coming from outside its going to make it that difficult for us to sell our commodities, mostly agricultural commodities, in the international markets because they would like to protect their markets just as well. So, we have to understand that there is a give and take. Sometimes unfortunately maybe it's the lobbyist in certain commodities that make those decisions and push our senators and congressman into the areas where they shouldn't be. I think that is what we have to understand, the interplay between the agriculture sector and the rest of the economy.

EP: Well Dr. Hoshmand I am happy to hear that in some areas it will be surviving and in some areas it will be thriving, and it will be in part thanks to educators like you. So thank you for being here, and thank you ladies and gentlemen for listening to this week's edition of "Cal Poly Views." Fifteen minutes devoted to discussing topics of current and general interest. If there are subjects, which you would like to here discussed by faculty or administrative experts from Cal Poly Pomona, please write to "Cal Poly Views" Office of News and Publications 3801 West Temple Avenue, Pomona 91768. We hope you will join us again next week at the same time for another interesting interview when KWOW presents "Cal Poly Views." This is your host, Ed Piece speaking. (music)

End of interview

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